

Wisconsin State Legislature

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Joint Committee on Finance *100TH ANNIVERSARY 1911 - 2011*

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative Robin Vos

Date: August 5, 2011

Re: DOC Report to JFC

Attached is a report on prison industries from the Department of Corrections, pursuant to s. 303.019, Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:RV:jm

Scott Walker
Governor

Gary H. Hamblin
Secretary



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State of Wisconsin Department of Corrections

July 13, 2011

RECEIVED
AUG 05 2011

BY: *St. Finance*

Senator Alberta Darling
Co-Chair, Joint Committee on Finance
Room 317 East
State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Representative Robin Vos
Co-Chair, Joint Committee on Finance
Room 309 East
State Capitol
P.O. Box 8953
Madison, WI 53708

Dear Senator Darling and Representative Vos:

Attached is the report on Prison Industries for the quarter ending March 31, 2011 as required by § 303.019 of the Wisconsin Statutes. This report includes the year-to-date cash balances of Badger State Industries at the end of the third quarter.

Traditional Prison Industries

Due to the economic situation, Traditional Industries suffered a cash forward balance of (\$3,235,500) from FY 2010. The third quarter reporting period for FY 2011 from July 1, 2010 through March 31, 2011 shows gross revenues of \$10,405,500 with cash expenditures of \$14,434,800. The third quarter ends with expenditures exceeding revenues by (\$4,029,300). This was due to the need to purchase materials necessary for fulfillment of orders scheduled to be delivered by June 30, 2011.

The projected cash balance for Traditional Industries in FY 2011 indicates a profit of \$921,300. With a beginning cash balance of (\$3,235,500) and the current year projected profit of \$921,300 the total projected cash balance indicates a shortfall of (\$2,314,200). On an accrual basis, a \$692,700 profit is projected for FY 2011.

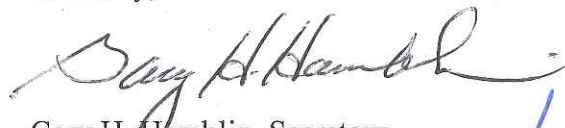
As shown by these reports; the Department anticipates reporting a profit for FY 2011. An increase in sales activity compared to FY 2010 is helping the Department's outlook for the

remainder of the fiscal year, as year-to-date invoiced sales are 20% higher than were reported at this time last year.

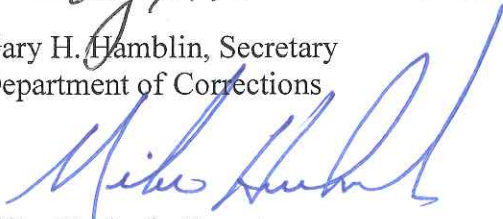
However, a projected negative cash balance for Traditional Industries at the end of FY 2011 is anticipated, caused by the negative cash forward balance from FY 2010. The Department recognizes the projected cash balance and is working diligently towards increasing sales and/or reducing expenditures to return to a positive cash balance.

As a matter of note, the Department is working on a significant order for the Department of Military Affairs and University of Wisconsin Systems. Sales projected for this order are greater than three million dollars. The Department is working diligently to fulfill this order within the current fiscal year.

Sincerely,



Gary H. Hamblin, Secretary
Department of Corrections



Mike Huebsch, Secretary
Department of Administration

Attachments

cc: Tim Peterson, BCE
Bernie Spiegel, BCE
Cathy A. Jess, DAI
Larry L. Jenkins, DAI
Floyd Mitchell, DAI
Brigette Smith, DAI
Ben Cruz, BCE
Ben Grattan, BCE

Stacey Rolston, DMS
Tim Lefave, DMS
Roland Couey, DMS
Dustin Trickle, DMS
Martina Allen, DMS
Dan Steeger, DMS
Jana Steinmetz, DOA
Katie Kisiolek, DOA
Jere Bauer, LFB
Chris Carmichael, LFB

Traditional Prison Industries

June 30, 2011 Projected Cash Profit and Loss Statement As of March 31, 2011

Projected Revenue		18,539,000
Projected Cost of Goods Sold	\$14,589,200	
Projected Selling Expense	1,437,700	
Projected Administrative Expense	<u>1,590,800</u>	
		<u>\$17,617,700</u>
Plus beginning Cash Balance		(3,235,500)
Projected Cash Profit (Deficit) - June 30, 2011		921,300
Projected Cash Balance June 30, 2011		<u>(2,314,200)</u>

June 30, 2011 Projected Accrual Profit and Loss Statement As of March 31, 2011

Projected Sales		18,539,000
Projected Cost of Goods Sold	\$14,791,000	
Projected Selling Expense	1,437,700	
Projected Administrative Expense	<u>1,617,600</u>	
		<u>\$17,846,300</u>
Projected Accrual Basis Operating Profit (Deficit) - June 30, 2011		<u>692,700</u>

BADGER STATE INDUSTRIES

YEAR TO DATE CASH BALANCE SUMMARY BY INDUSTRY

AS OF MARCH 31, 2011

TRADITIONAL INDUSTRIES				
INDUSTRY	CASH BALANCE 7/1/2010	FY-11 YTD REVENUE	FY-11 YTD EXPENDITURE	CASH BALANCE 3/31/2011
NON PROJECT OPERATIONS				
MANAGEMENT & SUPPORT ¹	(1)	100,678	2,679,242	(2,578,565)
DISTRIBUTION CENTER	0	14,319	1,009,225	(994,906)
TRANSITION PROGRAM	0	0	81,217	(81,217)
SUB-TOTAL	(1)	114,997	3,769,683	(3,654,688)
PROJECT OPERATIONS				
FURNITURE ²				
WOOD & LAMINATING	(13,674,941)	1,343,137	1,623,897	(13,955,701)
METAL FURNITURE	(49,876,895)	976,869	2,202,640	(51,102,665)
SYSTEM FURNITURE	56,209,537	825,495	219,033	56,815,998
UPHOLSTERY	(1,100,876)	1,615,220	1,532,740	(1,018,396)
FURNITURE SUB-TOTAL	(8,443,175)	4,760,721	5,578,310	(9,260,764)
LAUNDRIES				
OSCI LAUNDRY	265,122	1,067,231	581,953	750,400
CVCTF LAUNDRY	(1,358,383)	234,248	335,849	(1,459,984)
LAUNDRIES SUB-TOTAL	(1,093,261)	1,301,479	917,802	(709,584)
METAL STAMPING	17,888,654	2,080,124	1,741,634	18,227,143
PRINTING	(3,194,066)	539,662	620,732	(3,275,135)
SIGNS				
SCI SIGN SHOP	1,961,964	632,764	693,464	1,901,264
JCI SIGN SHOP	(492,424)	365,745	275,642	(402,321)
NLCI HYDROSTRIPPING SHOP	(946,454)	92,125	175,733	(1,030,062)
SIGNS SUB-TOTAL	523,086	1,090,635	1,144,839	468,882
TEXTILES				
GBCI TEXTILES	(4,440,057)	422,588	540,194	(4,557,664)
SILKSCREENING SERVICES	(4,476,702)	91,090	109,390	(4,495,002)
TEXTILES SUB-TOTAL	(8,916,760)	513,678	649,585	(9,052,666)
WHEEL CHAIR REFURBISHING	0	4,166	12,220	(8,055)
SUB-TOTAL	(3,235,522)	10,290,464	10,665,122	(3,610,179)
TOTAL	(3,235,523)	10,405,461	14,434,805	(7,264,867)

Footnotes:

1: Management & Support costs represent overhead and non-project operations. Transition program costs are substantially allocated to the appropriate industries in the current fiscal year. Any remaining costs will be allocated in next fiscal year operations.

2: System Furniture sales are derived from products manufactured by the other Industries: Wood & Laminating, Metal Furniture, and Upholstry. Costs for those products are retained by the originating shop.